## ABSTRACT

A liquid crystal layer (3) is sandwiched between upper and lower substrates (1, 2), a segment electrode (5g) and an auxiliary electrode (11) surrounding the segment electrode (5g) with a gap (G1) are formed on the upper substrate (1) by using the same transparent conductive film. An opposite electrode (6) is provided over the whole display area of the lower substrate (2). The overlap between the counter electrode (6) and the segment electrode (5g) constitutes a pixel portion (32), and the overlap between the opposite electrode (6) and the auxiliary electrode (11) constitutes a background portion (33). Voltages are selectively applied to the liquid crystal layer (3) of the pixel portion (32) and that of the background portion (33), and thereby the transmission, diffusion, or absorption of the light incident on the liquid crystal layer (3) is arbitrarily varied to conduct display.